NOTES

I. MUNICIPAL GOVERNMENT

Chicago.—*Financial Situation.*[1]—The evils arising from deficient revenues in Chicago for city purposes are neither few nor small; and the mayor's message recently published does not exaggerate them. The reasons for such deficiency demand attention.

There has long existed a profound lack of confidence in the tax appropriating and tax disbursing agencies of the city government. The laws have fixed limits which the city council is forbidden to pass in appropriations and incurring indebtedness. These limits seemed reasonable, being 2 per cent per annum of the taxable property for appropriations and 5 per cent for indebtedness, under laws which provided for the assessment of all property at its full value. When public parks became imperative it was thought safer to place them in some other hands than those of the city council. Park districts were formed constituting quasi-municipalities with separate taxing powers. The public schools were not deemed safe in care of the council, and separate annual taxation not exceeding 2 per cent for educational and 3 per cent for building purposes was authorized to be determined by the school authorities.

The panic of 1873 came on the heels of an inflated and speculative value of real estate, on which the burden of taxation mainly falls and caused a marked diminution in both income and value. Taking state, county and town taxes, in addition to those above named and the total rate authorized to be levied, and which each taxing body showed a disposition to levy, was appalling. Relief from an intolerable condition was sought by decreasing the valuations of property, especially real estate, in the tax assessments; while personal property escaped altogether. Assessors were found to disregard their official oaths to assess all property at its fair cash value, and none who would not do so could be elected. Decreased assessments cut down the possible taxes which could be raised until the limit of revenue did not more than barely suffice for actual necessities. When added taxes were required, a new municipality was created. The resort to old but bad devices intensified the difficulties of the situation which constantly tended to grow worse. No one knew what the basis of valuation for taxation was. It varied from about one-half to not more than one-twentieth of the actual value of property included in the same assessment as the whim, ignorance or corruption of the assessor might dictate.

The assessment of 1899 was made under a new revenue law which had been framed in the hope that provisions might be made for an honest return of property by the owners. This involved the fixing of a lower limit for total taxation. This limit the Supreme Court held to be invalid, in the form adopted. The board of review cut off enough from the values returned to

[1] Communication of Newton A. Partridge, Esq., Chicago, Ill.

prevent any radical increase in returns from taxation that year. It is of this decrease the mayor complains. The present revenue law will provide some increase in the city revenues at once, and as time goes on the improvement will continue, because, on the whole, property owners are willing to pay a fair rate of taxes for public purposes when they can do so by paying at the same rate as others and without exposing themselves to confiscation. The fault is not in the revenue law, but in the multiplication of independent municipalities acting in the same territory without regard to the effect of their action upon the city.

The total revenue for municipal purposes is much larger than would appear from city figures, alone, although the message [page 18], shows a revenue of $26,867,739 exclusive of borrowed money. The various municipal corporations constituting the city of Chicago taken together have quite a respectable municipal debt aggregating nearly $50,000,000 instead of the $10,970,000 spoken of in the message. Most of the total rate of taxation is applied to municipal purposes. Note should be made that many expensive improvements such as paving and repaving streets, laying and relaying sidewalks, etc., are not paid for by the city out of its revenues, but by special assessment on the property benefited.

This short statement is not meant to show that the recommendations in the mayor's message in regard to a simpler city charter and consolidated powers are mistaken, for I deem them wise and in harmony with the best standards. I have only sought to point out how matters worked together under the old law to foster corruption in the assessor's offices at the same time the city revenues were cut down and also to defend the present revenue law against the idea that the deficit in the city treasury is properly chargeable to it.

Boston.—*Metropolitan Administration.*[2]—One of the most distinctive features of municipal-government developed in Boston—or, more strictly speaking, Greater Boston—is the tendency toward metropolitan administration. With the expansion of New York this tendency expressed itself in the division of the enlarged municipality into four great boroughs, each with its own administration for more specifically local purposes. London, in a somewhat similar way, has replaced the ancient parochial divisions with a large group of newly erected boroughs. In metropolitan Boston there has been developed a system of administering certain general functions in behalf of the collective communities by commissions created by legislative authority and appointed by the governor of the commonwealth. To meet the cost of these several undertakings the state advances its credit, issuing loans in payment for the work, to be reimbursed through the apportionment of the charges for interest and sinking fund among the various municipalities to be repaid from their annual tax levies according to a ratio, changed every five years through the period of the loans and established by a commission appointed for the purpose from time to time by the Supreme Court. The maintenance charges are met from the same apportionment, and are estimated each year by the administra-

[2] Communication of Sylvester Baxter Esq., Boston, Mass.

tive commissions in charge. The metropolitan districts thus constituted are not co-terminous and the metropolitan community thus organized has no official name, but is generally known as "Greater Boston."

Drainage System. The first function thus undertaken was that of the metropolitan sewerage system. Then followed the metropolitan park system, and lastly the great metropolitan water system. Until lately there have been three commissions for the three separate functions. But a year ago, the sewerage system being so nearly completed that the matter of administration had become largely one of routine, that department was consolidated with the metropolitan water-works and placed under a newly constituted commission. In the various municipalities the local water-boards and the local departments in charge of the sewers are retained. These care for the local distribution of water delivered to the municipalities from the great metropolitan supplies, and for the local collection of sewage for delivery to the great trunk sewers which discharge into the sea. The local sewers and water-pipes are therefore owned by the municipalities themselves. All the important local sources of water supply were taken over by the metropolitan government, including the costly plant created by Boston, with its enormous storage and distributing reservoirs.

Parks. The metropolitan park system includes great woodland reservations, extensive river frontages and many miles of seashore, beside an elaborate system of connecting parkways—forming, with the several local systems, the most comprehensive, scientifically considered and artistically designed scheme of public parks and pleasure ways in the world.

The administration of the Boston Department of Public Grounds has been a subject of severe criticism for the past year. When the construction of a large system of public parks was undertaken in 1876, the administration of Boston Common, the public garden and the minor public squares through the city, together with the shade trees in the streets, was not taken over by the Metropolitan Park Commission then constituted, mainly in order not to burden the park department with routine maintenance work which might hamper their operations while engaged in constructive undertakings of great magnitude. Unfortunately these conditions have ever since prevailed, presenting the anomalous circumstances of two distinct municipal departments engaged in the same line of work. Very naturally the result is not economical. There is yet no distinctive movement for the further extension of this metropolitan principle, but the need of its application is beginning to be seriously felt in various ways, particularly in the matter of metropolitan transit and a metropolitan administration of police. A metropolitan system of highways for main lines of traffic is also highly desirable.

Rapid Transit. In transit matters the principle of municipal ownership of subways appears to be definitely established as a public policy. The Boston Elevated Railway Company desired to construct and own the proposed new Washington street subway, but the legislation sought for was energetically resisted by public sentiment, and a bill enacted was vetoed by Governor Crane at the session of 1901 as not sufficiently safeguarding public interest. This year a law was passed providing for the con-

struction of the new subway by the existing Rapid Transit Commission, and its ownership by the municipality, under terms similar to that contained in the original subway legislation. It was provided that it should be subject to a referendum at the municipal election in December of this year (1902), before taking effect, whereupon the Transit Commission was straightway to begin the work. The local transit question is so largely of metropolitan concern that it is important that the matter should be made a metropolitan function. But at present the Transit Commission, appointed by the governor of the commonwealth, has simply to do with the city of Boston. And very curiously, by the referendum accepting the original subway and other rapid-transit legislation, it was determined by the voters of Boston that an elevated railway system should extend into the adjacent city of Cambridge without any expression of opinion by the citizens of that municipality.

The problem of municipal participation in the receipts of street railways in return for the privilege of occupying the public highways is dealt with for Boston and the other metropolitan municipalities by a special franchise tax by which a certain percentage of the market value of the street railway stock is paid to the state and then distributed among the several municipalities respectively, in proportion to the amount of track mileage in their streets. It is claimed that in this way the Greater Boston municipalities receive a larger return in payment for street railway privileges than any other in the world.

San Francisco.[3]—*State Board of Control.*—The amendment to the state constitution of California, proposed by the last legislature, as described in the November number of THE ANNALS, was voted upon at the election held in November, and overwhelmingly defeated. The discussion of the provisions of this remarkable amendment for creating a state board to control everything pertaining to rates and regulation of public service corporations of the state and the municipalities, was general and vigorous throughout the state. The enormous majority against it is as creditable to awakened public opinion as the proposal of it by the legislature was discreditable.

Providence.—*Telephone Franchise.*—Previous to 1892 the Providence Telephone Company had the right to string wires in certain streets of the city. By ordinance approved December 6, 1892, it was given the right—not exclusive—to place conduits in such streets as the city council might designate. It must keep the portions of such streets dug up in repair for twelve months. Fire and police department wires of the city may be placed in the conduits without charge. The council has apparently absolute power to order removal or change of subways on ninety days' notice. From 1892 to 1899 the company paid a tax of 1½ per cent on its gross income from rental of telephones. Since 1899 the rate has been 3 per cent. In 1893 the tax amounted to $2,325; in 1899 to $3,264. For the year ending June 30, 1902, it was $8,775. The company must lease conduit space in the closely built up sections to telegraph and signal companies when so required by the city. In case a competing company is authorized to carry on business in the city, and

[3] Communication of Professor Kendric Charles Babcock, University of California.

[4] Communication of Sidney A. Sherman, Ph. D., Providence, R. I.

occupies the old company's manholes, the tax of 3 per cent is to cease. Telephone rates are fairly satisfactory, being from $70.00 upwards for unlimited full service, and $42.00 upwards for unlimited local service. There is also a minimum rate of $25.00 for residence telephones, 500 local calls, and of $39.00 for 600 full service calls.

Gas Franchise.—By agreement of August 8, 1892, under authority of Chapter 975, Public Laws of Rhode Island, the city gave the Providence Gas Company the exclusive right for twenty years to lay pipes in the streets of the city for heating and illuminating gas. The company is to lay mains in new streets, etc., on ninety days' notice, and is to keep those streets in repair for six months afterwards. It is bound to maintain the quality of its gas at as high a standard as when the contract was made. Curiously, there is no provision for testing the gas by the city, and no city official seems to know of any test ever being made. The company pays a tax of 3 per cent on its gross earnings, which amounted to $15,739 in 1893, and to $22,794 in 1902. After paying this tax and 8 per cent dividends on its paid-in capital, plus a reasonable and prudent provision for maintenance and extension of plant and carrying on its business, it must apply the balance of net earnings, if any exists, to reducing the price of gas. The 8 per cent is regularly paid, and reductions have been made in price from $1.30 to $1.20 in 1894, and from $1.20 to $1.10 in 1896.

Electric Lighting.—Under authority of an "Act concerning the Narragansett Electric Lighting Company," passed by the General Assembly in January, 1892, giving it an exclusive franchise for twenty years from July 1, 1892, the city made a contract with the company by which it was to furnish the city 2,000-candle-power lamps with 10 ampères of current under an E. M. F. of forty-five volts each. The lights were to burn all night and every night, and those which by accident or special agreement burned only a part of the night were to be charged in proportion. If the cost of light should be cheapened by any new invention, the price was to be lowered accordingly. On the other hand, if the city ordered the wire placed underground, the interest on the cost was to be added to the price. By the legislative act, "the rate to be charged . . . shall be determined, if possible, by agreement of the parties at least three months before the expiration of the existing contract, for the succeeding period of three years," and thereafter in like manner. Failing agreement, the rate for these three-year periods was to be fixed by arbitration. August 7, 1893, the price was fixed by arbitrators at thirty-eight and one-half cents per night for each of 1,300 lights, for the term of sundry unexpired contracts, and for the three-year period beginning June 15, 1904. March 8, 1895, the council, disregarding the express provision of the law, contracted for an additional period of five years, to June 15, 1902, at the rate of thirty-five cents, the number of lights being increased to 1,800. This contract was a very one-sided one, giving the company $228,000 a year, which was a pure *bonus* of at least $75,000 a year. Having been severely criticised in public by the writer, and there being an almost successful attempt to establish a municipal plant, it was superseded July 5, 1898, by another contract for two three-year periods, 1900-03, and 1903-06. While the law

contemplated contracts only three years ahead, we find them made eight years ahead. By this agreement, the wires were to be placed underground in the close district, the tax on gross receipts was increased to 5 per cent, and a sliding scale of prices fixed,—35 cents to 1900, then 32½ cents to 1903, and 30 cents to 1906. May 12, 1900, a contract was made for 1,850 incandescent lamps to 1906, at $24.00 per year. This brings the total payment by the city to the company up to about $280,000 per year. In the legislative act it is provided that the city may establish a municipal plant, *for public purposes only,* on a majority vote of all those elected to each branch of the council, not less than four months before any annual election, and its ratification by a majority of the property voters (we do not have manhood suffrage in Rhode Island cities) at that election. Failure bars another attempt for three years. When we get manhood suffrage we shall have a municipal plant, not before.

Duluth.—*Conference Committee.*[5]—Duluth's new city charter, adopted in 1900, contains an excellent provision for a so-called "Conference Committee," which exercises supervision over the annual budget and the expenditures of the city from month to month. The members consult and advise together relative to the care, supervision and economical management of the affairs, duties and expenses of the several departments of the city government.

This Conference Committee is composed *ex officio* of the mayor, president of the common council, city comptroller, city treasurer, city engineer and the presidents of the several executive boards of the city; the city clerk is *ex officio* the clerk of the committee, and the city attorney is required to attend its meetings and extend his aid to the committee in its conferences and investigations. The committee meets monthly on a day designated in the charter and it is made the duty of each member, at each such meeting, to report to the committee in detail, in writing and under oath, relative to the work, condition, funds and expenditures of his department. These meetings are held in the council chamber of the city, and, together with the records and proceedings of the committee, are open to the public. Attendance upon the meetings is mandatory; the requirement as to the monthly reports referred to is likewise imperative.

At the September meeting of each year the Conference Committee, having in the month of August just preceding, been furnished by the city comptroller with an itemized estimate of the expenses of the city for the ensuing fiscal year and likewise the revenue necessary to be raised for such year, proceeds to make out and designate by resolution an itemized statement showing the amount of money, which, in its opinion, will be needed for the use of each department of the city during the succeeding year. This statement is reported to the common council not later than the twentieth of the same month for its guidance in the tax levy and marks the maximum limit of such levy.

The estimate, statement and levy described are, under charter provision all prepared with reference to and divided into seventeen separate subheads or funds, which distinction and separation are maintained throughout, as well in the accounts required to be kept by the comptroller and treasurer as in

[5] Communication of W. G. Joerns, Esq., Duluth, Minn.

the requisitions and appropriations made from time to time to meet the requirements of the several departments of the city administration. Transfers from one fund to another, except as specially provided in the charter, are prohibited and every order drawn upon the treasurer must designate the specific purpose for which and the specific fund upon which it is drawn.

At the first meeting in January of each year the several members of the Conference Committee are required to submit a full detailed report on matters generally pertaining to their several departments together with expenditures and indebtedness incurred and aggregate tax estimate for the current fiscal year. Monthly thereafter they are expected to supplement in its several details such reports, thus furnishing monthly an accurate balance sheet, as it were, of the doings and condition of their several departments, including their forecast for the month to come. From these reports and the data at his command, under the prevailing system of checks and counterchecks, our efficient comptroller has evolved a monthly balance sheet of the totals of the several funds and departments which shows at a glance the available total of such fund for the year, the total allowance and disbursement, the average monthly allowance and disbursement and the ledger balance at time of statement. This balance sheet thus furnishes the members of the Conference Committee, much as in the case of directors of a private corporation, a comprehensive view of the exact status of every fund and department at any given time, and, together with the monthly interchange of thought and general data, places them in position to exercise that mutual supervision and restraint so essential, in popular government, to a wholesome administration of affairs.

The practical result, in Duluth, of this system of supervision and check has proved most satisfactory. In the two brief years of its trial to date, covering a period in which the tendency to expansion and inflation and consequent extravagance has been, here as elsewhere in the United States, admittedly pronounced, it has unquestionably saved the taxpayers of Duluth many thousands of dollars; the searchlight of publicity thus thrown upon every department of city affairs exercises a wholesome restraint upon unwise official action; and a record is being made that ought to serve as a valuable standard of comparison for all future administrations of Duluth's municipal affairs.

The New Ohio Municipal Code.[6]—The Ohio legislature was called in special session on August 25, 1902, to enact a uniform law for the government of cities and villages. It adjourned on October 21, 1902, after having adopted a compromise measure. To appreciate the full significance of the new code, a brief summary of the existing municipal situation is necessary. Ohio is at present governed by a constitution adopted in 1851; three provisions of this constitution apply to municipal affairs.

Article II, Section 26. "All laws of a general nature shall have uniform operation throughout the state."

Article XIII, Section 1. "The general assembly shall pass no special act conferring corporate powers."

[6] Communication of Max B. May, Esq., Cincinnati, Ohio.

Article XIII, Section 6. "The general assembly shall provide for the organization of cities and incorporated villages by general laws."

In 1869, there were two classes of cities, those that had 20,000 or more population; those that had less than 20,000. Legislation for cities within a class was held valid. This principle soon led to a further division of classes, and subdividing was carried to such an extent that at the opening of the year 1902 Cincinnati was the only city of the first grade first class; Cleveland of the second grade first class; Toledo of the third grade first class; Columbus the only city of the first grade second class; Dayton of the second grade second class; Springfield of the third grade "A" second class; Hamilton of the third grade "B" second class. In addition to classification by classes, cities were described by "general law" as "all cities which at the last federal census had a population of not more than X nor less than Y." This last refinement was too much for the Supreme Court so that in Kenton vs. State, 52 O. S. 59, an act describing a city which at the last federal census had a population of not less than 5,550 and not greater than 5,560 was declared unconstitutional. But until last June all laws referring to cities of the X grade Y class were sustained mainly because previous courts had so held. But in June last the Supreme Court, the personnel of the court having changed, declared laws so drawn as to relate alone to Cleveland and Toledo unconstitutional. The court used this significant language: "In view of the trivial differences in population and of the nature of the powers conferred, it appears from such examination that the present classification cannot be regarded as based upon differences in population or upon any other real or supposed differences in local requirements. Its real basis is found in the differing views or interests of those who promote legislation for the different municipalities of the state. But the body of legislation relating to this subject shows the legislative intent to substitute isolation for classification, so that all municipalities of the state which are large enough to attract attention shall be denied the protection intended to be afforded by this section of the constitution . . . Since we cannot admit that legislative power is in its nature illimitable we must conclude that this provision of the paramount law annuls the acts relating to Cleveland and Toledo if they confer corporate power." What was true of Cleveland and Toledo was true of Cincinnati, Columbus, Springfield and other cities.

There was no escape from a special session. During the interval Governor Nash had a draft of a code prepared and submitted the same to the legislature. Its principal feature was the appointment of bi-partisan police boards by the governor and the appointment of other bi-partisan boards by the mayor. The mayor, himself, however, was not vested with much responsibility. In the legislature itself there was much division of opinion, there were large and small cities and each class wished for a different scheme of government and as usual each branch passed its own bill and a conference committee framed the final measure.

Under the new code all municipal corporations having a population according to last federal census of 5,000 or more are cities; all other municipal corporations are villages. If any federal census should increase or reduce

this number of inhabitants, then the corporation it affects becomes a city or is reduced to a village. There is a very full grant of powers to cities and villages. Hereafter no street railroad franchise shall be granted except notice of application has been given for three weeks, and then only to such persons who agree to carry passengers at the lowest rate of fares, and to such who have obtained written consent of a majority of property holders upon each street or part thereof along route representing feet fronting on street. No grant or renewal thereof shall be for greater term than twenty-five (25) years.

Of course existing grants are not affected. But a peculiar Cincinnati situation compelled the insertion of a provision extending unexpired grants given under unconstitutional acts for the unexpired time. A digression is necessary here. In 1896 the legislature passed the Rogers law, authorizing local authorities to extend existing grants under certain conditions for a period of fifty years. Immediately the Cincinnati Street Railroad took advantage thereof. In 1898 the act was repealed. In July, 1902, the Superior Court in general term declared the Rogers act unconstitutional because special in terms. Now Section 31 of the municipal code attempts to validate these extensions because money was expended upon improvements. The courts will have to decide the question.

Scheme of Government.—The new code provides for the election of a mayor, president of council, who will be a vice mayor, auditor, treasurer, solicitor, department of public service, and department of public safety. The department of public safety is to be a bipartisan board composed of not less than two or more than four members as council determines. Appointments are to be made by the mayor subject to ratification by two-thirds vote of council; if not ratified, the governor makes the appointment. This board has control of fire and police departments, and must apply the merit system. The board acts as a civil service board and certifies a classified list to the mayor, who makes appointments of firemen or patrol therefrom. All other officers mentioned above, with the exception of the auditor, who holds office for three years, are elected for two years. The council fixes the number of members of the board of public service, not less than three nor more than five. This board is elective and is the chief administrative board of the city government, having full charge of streets, water, light, sprinkling, parks, hospitals, workhouses and reformatories, infirmaries and the like. It has also power to fix the number of its employees and their salaries. Council fixes salaries of all officials and the number of employees in each department except as just mentioned.

In addition to above officers there is a bipartisan sinking fund board of four, which is also a tax commission, a bipartisan library board of six members, and in cities having a university (Cincinnati) a university board of nine, and a health board of five; all of these are appointed by the mayor. The mayor has a veto power which may be overruled by two-thirds vote of council. Council has no power of confirmation of appointments except in case of members of Board of Public Safety.

Council. The city council is to be composed of not less than seven mem-

bers, four of whom shall be elected by wards, and three at large. If a city has 25,000 population, there shall be two additional councilmen elected by wards; for every 15,000 thereafter, one additional member shall be elected; whenever total membership is fifteen or more, one in every five shall be elected at large. This will give Cincinnati thirty councilmen, six elected at large and twenty-four by wards. The legislative department is thus unicameral. Members are elected for two years. Councilmen in cities of 25,000 or less shall not receive more than $150 per annum; for every additional 30,000 salary may be increased by $100, but in no city shall the salary of a councilman exceed $1,200 per annum. The powers of council are legislative only.

The mayor may be removed by the governor, after public trial, for misconduct in office, bribery, gross neglect of duty, gross immorality, or habitual drunkenness.

The village council is to be composed of six members elected at large, the village mayor, who has no veto power is elected for two years and appoints the street commissioners. The other village officers are the clerk, marshal and treasurer who hold office for two years.

The new code merely provides that existing police court laws shall remain in effect. This provision was inserted because the Republicans did not have the necessary two-thirds vote to pass new judicial provisions. Existing councils must redistrict the cities into the required wards, fix the salary of the officials to be elected, and the number of members of the boards of public service and public safety.

The new code makes no provisions for the Boards of Education or Boards of Election; but certain state officials are charged with the duty of presenting a new and uniform scheme of school and election laws to the next General Assembly.

Inasmuch as great difficulty was had in preparing a law satisfactory to large and small cities, constitutional amendments will be submitted to the people in 1903, permitting the classification of cities into those having less than 20,000, between 20,000 and 100,000 and over 100,000.

The new code is thus at best a temporary expedient called forth by the exigency of the time. That the new city governments will give no more satisfaction than the present ones is patent to all. All lovers of good municipal government will regret that the Ohio legislature at the beginning of the twentieth century failed to take advantage of the rare opportunity to remedy the defects of the nineteenth. The new government merely continues the old régime under a new name. There is no general civil service, no fixed responsibility, no scientific basis for good government.

Cuba.[7]—*Municipal Legislation.*—During the recent session of the Cuban congress forty-three laws were passed. Of these twenty-one were appropriation bills, and four referred directly or indirectly to municipal affairs.

Two of these latter laws appropriated money to continue work on the seadrive or "Malecon" in Havana; one law continued the existing incumbents of municipal offices in their positions; and the other repealed an order issued by the Military Governor of Cuba regulating the municipal financial system.

[7] Communication of Osgood Smith, Esq., Havana, Cuba.

Municipal Elections. The municipal elections in Cuba have been held under special orders Nos. 64 and 91, of 1900 and 1901 respectively, of the Military Governor, which provided for the election of the mayors, councilmen and treasurers. Under the general municipal law in force under the Spanish régime the elections of councilmen took place in the first two weeks in May (Art. 44) and the mayors were appointed by the Governor-General from among the councilmen (Art. 49). It is doubtful whether this old law was repealed or not by the subsequent orders of the American governor, but in any event no election was held in the first two weeks of May before the republic was established. Hence the Cuban congress wisely continued the old officials in office until it could frame a definite and permanent municipal election law. In fact this was almost the only practical way to meet the anomalous condition in which the American government left the municipal situation.

Municipal Budgets. On April 23, 1902, the Military Governor published an order of 108 articles, and several additional provisions, covering the subject of municipal budgets and their enforcements, the collections of revenues, bookkeeping, loans, the inspection of accounts by councilmen, and determining the responsibility of municipal officers. All of this law except that part which determined the form of the budget, and the manner of enacting it, was repealed by the Cuban congress.

The peculiar features of the portions not repealed are that the budget originates with the treasurer, passes through the hands of the mayor and city attorney (Syndico) and of the Municipal Board (Junta) before being submitted to the city council for enactment. Fines are imposed on any official who does not do his share in preparing or passing the budget within certain fixed periods. The Municipal Board (Junta) is composed of the councilmen with an equal number of the principal taxpayers added. Since this order was to go into effect on July 1, 1902, and was repealed by an act of the Cuban congress published on August 8, 1902, it has had no practical trial, and the wisdom or necessity of its repeal cannot be determined.

The municipal law existing in Cuba to-day is a heritage of Spanish times so far as it relates to municipal finances and systems of accounting. The cities are dependent on the insular government for their incomes, and have neither initiative nor independence in appraising the property subject to taxation or in determining the tax rate, except that the latter may not exceed a certain percentage of the state taxes. The accounts are kept in the most primitive fashion and in a form that makes the detection of fraud or error difficult and the punishment of anything but the most obvious fraud impossible.

Havana Charter. General Ludlow, to whom the sanitation and administrative reorganization of Havana is primarily and almost exclusively due, created a commission of ten to prepare a new charter for the city. This was done and such a charter was submitted to the Military Governor of the island after General Ludlow's departure. This charter gave the greatest independence to the city that was possible without too radically changing the entire system of law then prevailing, and was submitted to the city council,

which rejected it with only one dissenting vote. Almost immediately after the American evacuation the mayor and the city council petitioned the Cuban congress to have this charter put in force in the form submitted to the Military Governor. Such request was denied in the form in which it was made, because the subsequently enacted constitution of the republic had rendered some clauses unconstitutional and others inexpedient. It is understood, however, that certain members of the Cuban congress who are favorable to the charter intend to present it at the present session as nearly in the form in which it was presented to the Military Governor as is possible under existing circumstances. When this is done it is to be hoped that many of the defects of the antiquated, monarchical, Spanish system will be eradicated. The intention of the congress to take this action as soon as it can give due deliberation to the question is the most satisfactory explanation that can be given for the repeal of the military order referred to.

Montreal.—*Franchises.*[8]—The experience of the city of Montreal in the matter of franchises and municipal undertakings is a subject the consideration of which naturally falls under three heads: (*a*) as to those privileges in return for which the municipality derives virtually no return; (*b*) those franchises on which a share of the profits accrues to the city, and (*c*) those enterprises owned and operated by the civic authorities.

To the first category belong the powers at present exercised by the telegraph, telephone and lighting companies.

The telegraph companies acquired, many years ago, the right to erect poles and to stretch wires, but can make no underground constructions without municipal consent. The telephone companies and the gas and electric companies have obtained their charters from the federal and provincial governments, and may locate poles, stretch wires, and lay conduits, with or without the consent of the municipality, the only reserve made in the city's favor being that the structure shall be placed where the city surveyor may designate. No contribution is made to the city for this privilege. Unfortunately the commercial value of these concessions was not realized at the time that the charters were granted, and the city of Montreal was deprived of what should be a fruitful source of revenue before it was realized that there was anything to lose.

The city buys its gas and electric light from the Montreal Light, Heat and Power Company, paying annually $17 per lamp for 550 gas lamps and $89.82 each per annum for 1,300 arc lights of 2,000 nominal candle power.

Poles, pipes, wires, etc., are assessed as real estate and taxed accordingly.

In the second class mentioned above are the traction companies. There are two such companies operating at present under arrangements made with the city, the Montreal Street Railway Company and the Terminal Railway Company. The former company, which operates about forty-one miles of track, has a thirty-year franchise dating from August 1, 1892. Under the terms of their agreement the Montreal Street Railway Company has no

[8]Communication of Herbert B. Ames, Esq., Montreal, Canada.

monopoly, but is entitled to preferential treatment in respect of a specified list of streets. The service furnished is the overhead trolley system. The company is obliged to furnish eight workingmen's tickets for twenty-five cents, good from 6 a. m. to 8 a. m., and from 5 p. m. to 7 p. m.; also six ordinary tickets for twenty-five cents, good for all hours except between midnight and 6 a. m. At the expiration of the franchise the city may assume the ownership of the entire undertaking on payment of the value, as determined by arbitrators, with an additional amount of 10 per cent added to their award. The streets where the lines run are, during the winter, kept free from ice and snow by the city, the company bearing half the expense. The company pays to the city a percentage on its gross earnings, based upon a sliding scale. During the year ending September 30, 1902, the company paid over to the city as tax on earnings and other taxes $127,257.85, and on account of snow clearing $50,771.66, making a total contribution of $178,029.51. The company pays an annual dividend of 10 per cent upon its capital stock (which is to-day quoted on the stock market at $275), and has accumulated a reserve of nearly one million dollars.

The tramway privilege accorded to the Terminal Railway Company in January of 1902 is much more favorable in its terms from a municipal point of view. This franchise is for ten years. At present it affects about five miles of streets. The company must permanently pave the space between the rails, the space between the double tracks, and eighteen inches outside the rails; must remove all snow from curb to curb, must water the streets without charge to the city, must give ten workingmen's tickets for twenty-five cents, and must pay a percentage nearly four times as great as that required of the Montreal Street Railway Company into the civic treasury. At the end of ten years the city may purchase the road at cost and 10 per cent additional.

The only enterprise in the third category is the water plant. Since 1856 Montreal has owned and operated her present water works system. It has entailed an expenditure of nearly nine million dollars, chargeable to capital account. The water is taken from the St. Lawrence River, about six miles above the city, and is pumped into the mains and to a reservoir, upon the side of Mount Royal, 204 feet above the river. The total pumping capacity exceeds forty million gallons daily. The operating expenses are about $140,000 per annum, while the income derived from water taxes and meter charges last year amounted to $810,500. Computing the interest upon the capital investment at the rate of 4 per cent, and adding thereto the ordinary maintenance charges, there is an apparent profit to the city of $300,000 per annum. Extensive repairs and renewals are, however, constantly required, which, if deducted from this apparent surplus, would reduce it very considerably.

The question of a municipal underground conduit system, in which the various companies should be compelled to place their pipes and wires, is now becoming a live issue, and if the financial features of the proposition can be satisfactorily arranged, will probably be the next enterprise of this character undertaken by this municipality.